

Q. NLH-142 CA

Is Mr. Bowman proposing that marginal cost studies be undertaken for each of Hydro's systems?

A. **Mr. Bowman is proposing that marginal cost studies be undertaken for each of Hydro's five discrete geographic systems consistent with the cost of service study, including Island Interconnected, Island Isolated, Labrador Isolated, L'Anse au Loop and Labrador Interconnected. Mr. Bowman believes that there is value in knowing system marginal costs that goes beyond rate design, for example, when comparing the value of installing a high efficiency replacement transformer versus a transformer with standard efficiency ratings.**